
**APPENDIX IV-26
GINNIE MAE II
(AR AND AQ POOLS)
ADJUSTABLE PAYMENT
MORTGAGE-BACKED CERTIFICATE
GUARANTEED BY
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION**

CERTIFICATE NO.

Issue Date _____ Initial Certificate Principal Amount _____

Pool No./Mortgage Type _____ Initial Aggregate Principal Amount of Pool _____

Initial Interest Rate _____ Maturity Date _____

Security Margin _____ Frequency of Adjustment _____

Security Payment Adjustment Date _____

THE ISSUER, NAMED OR REFERRED TO WITHIN, PROMISES TO PAY TO THE ORDER OF: _____

Holder's Taxpayer Identification No. _____

(the "Holder"), or registered assigns, the Certificate Principal Amount defined on the reverse hereof, and to pay interest in the manner provided for herein on portions thereof outstanding from time to time at the Interest Rate defined on the reverse hereof, in monthly installments, which may be changed as set forth below. (If securities backed by the above referenced pool have more than one issuer, then the term "issuer," as used herein, shall be deemed to be used in the plural.) All monthly installments shall be for application first to interest at the Interest Rate and then in reduction of principal balance then outstanding, and shall continue until payment in full of the Certificate Principal Amount, and of all interest accruing thereon. All payments to the Holder hereunder shall be made on behalf of the Issuer by a duly authorized Central Paying and Transfer Agent.

This Certificate is issued in accordance with a prospectus providing more specific information concerning attributes of this security, and the Holder by virtue of its acceptance of this Certificate agrees to the terms of such prospectus.

If the term "Multiple Issuers" appears in the blank labeled "Issuer" below, then the provisions relating to multiple issuer pools on the reverse hereof shall be applicable. Multiple Issuer pools are also distinguished from custom pools (having one issuer) by the suffix "M" or "C", respectively, appearing as the third to last character in the pool number and certificate number. The term "Issuer" as used herein includes any respective successor(s) thereto.

The mortgages backing this Certificate are adjustable payment mortgages and are identified by the suffix appearing as the last two characters in the pool number and certificate number set forth above. The

suffixes are defined on the reverse hereof and the mortgage types are more fully described in the prospectus relating to this issue.

FURTHER, THE ISSUER CERTIFIES: That this Certificate, and each of the like securities composing the entire issue of which it is part, is proportionately based on and backed by all the mortgages contributed to the pool by the Issuer and identified collectively in the records of the Government National Mortgage Association ("GNMA", including any successor thereto) by the pool number as set forth above; that all such mortgages are insured under the National Housing Act or Title V of the Housing Act of 1949, or insured or guaranteed under Chapter 37 of Title 38, United States Code; that with respect to this Certificate, the base and backing is in the proportion that the Initial Certificate Principal Amount bears to the Initial Aggregate Principal Amount of the pool as set forth above, the latter being equal to the aggregate of the principal amounts of like securities composing the entire issue of which this Certificate is part, and being equal to the aggregate of the principal amounts outstanding on the mortgages composing such pool; and that the Holder is the owner of an undivided beneficial interest in the pool, in the foregoing proportion.

Each monthly installment also shall be subject to change to reflect any prepayments or other early or unscheduled recoveries of principal, received from time to time, under or consistent with the provisions of the mortgages composing the pool. However, the Issuer shall, through the Central Paying and Transfer Agent, pay to the Holder, whether or not collected by the respective Issuer, and shall remit as set forth below, monthly payments of not less than the amounts of principal coming due monthly on the mortgages and apportioned to the Holder by reason of the aforesaid base and backing, together with any apportioned prepayments or other early recoveries of principal, and interest at the Interest Rate.

The Issuer, through the Central Paying and Transfer Agent, shall remit, to the Holder in whose name this Certificate is registered on the last day of the month immediately preceding the month of the respective payment, all monthly payments required under this Certificate by the twentieth (20th) day of each calendar month, commencing with the first month after the month in which the Issue Date hereof occurs. Thereafter, the Issuer, through the Central Paying and Transfer Agent, shall continue to make such payments until payment in full of all amounts owing under this Certificate have been made. Remittances shall be made to the registered Holder by check, and final payment shall be made only upon surrender of this Certificate.

The Central Paying and Transfer Agent indicated below has been duly authorized by GNMA and the Issuer to countersign the within Guaranty on behalf of GNMA, and to maintain a register of all Holders of and transfers of this Certificate (the "Certificate Register").

This Certificate is freely and fully transferable and assignable, but only on the Certificate Register maintained by GNMA's designated Central Paying and Transfer Agent. The Holder or its duly authorized representative may transfer ownership or obtain the denominational exchange of this Certificate on the Certificate Register upon surrender of this Certificate to the Central Paying and Transfer Agent, at its GNMA transfer window(s) or through the mail, if the Certificate is duly endorsed by the Holder using the form of assignment on the reverse hereof, or any other written instrument of transfer acceptable to GNMA. A service charge in an amount determined by GNMA shall be imposed for any registration of transfer or denominational exchange of this Certificate, and payment sufficient to cover any tax or governmental charge in connection therewith also may be required.

Except as herein undertaken, this Certificate does not constitute a liability of nor evidence any recourse against the Issuer since it is based on and backed by the mortgages composing the above-referenced pool, and since recourse may be had to GNMA in the event of any failure of timely payment, as provided for in the Guaranty below.

It is certified that this Certificate and the within Guaranty, when executed by the manual or facsimile signature of an authorized officer of GNMA, and countersigned on behalf of GNMA by the signature of an authorized officer of the Central Paying and Transfer Agent, are legal and regular in all respects, and are duly and validly issued pursuant to Title III of the National Housing Act. It is further certified that no rule, regulation, or other like issuance, and no contract or other agreement of either GNMA or the Issuer, or of both, adversely affects the right of the Holder to receive timely payments as provided under the terms of this Certificate.

GUARANTY: The undersigned, pursuant to Section 306(g) of the National Housing Act, hereby guarantees to the registered Holder hereof the timely payment of the principal and interest set forth in the above instrument, subject only to the terms and conditions thereof. The full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under this guaranty.

ISSUER

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

ATTEST:

Secretary

President

Dated: _____

This Certificate is not valid unless countersigned.

Countersigned and Registered:

THE CHASE MANHATTAN BANK,
Central Paying and Transfer Agent

By _____

Authorized Signature

[REVERSE SIDE]

MULTIPLE ISSUER POOLS

If the term “Multiple Issuers” appears in the blank labeled “Issuer” on the face hereof, then the following provisions apply. The Issuers, collectively, are each of the financial institutions which are identified in the records of GNMA and the Central Paying and Transfer Agent as participating issuers in the within referred pool. The identity of each Issuer, and the respective portions contributed by each Issuer of the Initial Aggregate Principal Amount of the mortgages upon which this Certificate is based and backed, are indicated in the prospectus relating to this Certificate. The undivided proportional beneficial interest in the pool which this certificate represents relates to all of the mortgages in the pool and not solely to the mortgages contributed by any one of the Issuers. While each Issuer has undertaken to service and perform other functions with respect to the portion of the mortgages contributed to the pool by that respective Issuer, no participating Issuer is responsible for performing such functions with respect to the portion of the mortgages contributed to the pool by any other participating Issuer, or for any acts or omissions of any other participating Issuer.

DEFINITIONS

“Interest Rate” means the Initial Interest Rate and any subsequent adjusted interest rates calculated in accordance with provisions of this Certificate and the Prospectus for this issue.

“Certificate Principal Amount” means the Initial Certificate Principal Amount and any subsequent adjusted principal amounts calculated in accordance with the provisions of this Certificate and the Prospectus for this issue.

POOL NUMBER AND CERTIFICATE NUMBER SUFFIXES

(as third from last character)

C — Custom pool (one issuer) M — Multiple issuer pool

(as last two characters)

AR — Adjustable rate mortgages on which the interest rate is adjusted annually by adding an amount at least 50 but not more than 150 basis points greater than the securities margin to an interest rate index, which is the weekly average yield on United States Treasury securities adjusted to a constant maturity of one year. The adjusted interest rate may not be more than one percentage point higher or lower than the prior year’s rate nor more than five percentage points higher or lower than the initial interest rate on the mortgage.

AZ — Adjustable payment mortgages on which payments are adjusted in a manner acceptable to FHA or VA other than by adjustment to the interest rate. These may include but are not limited to indexed, shared appreciation and partially amortizing mortgages.